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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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## ASSOCIATION HAS SHIPPED FRUIT FORTY-TWO YEARS

For 42 years the Penryn Fruit Company, Penryn, Calif., has been sending deciduous fruits to the eastern markets. This association of fruit growers was incorporated February 11, 1886, by a group of men having large orchards that were coming into bearing. Previous to the formation of the association fruit shipments had consisted of small lots sent to the mining towns of California and Nevada. From the first the Penryn Company forwarded fruit in carlots to the eastern markets. For the first 15 years of its existence the association was operated as an independent local organization. In 1901 it joined with seven other marketing associations to create the California Fruit Distributors, with which it was affiliated for 20 years, then assisted in the formation of the California Deciduous Fruit Companies to serve as a sales agency.

The man who is serving as president has been elected annually to the board of directors forty times, and the present manager is the son of the organization's first president.

The company handles fruit from 19 orchards, 15 of which belong to members, about 1,000 acres in all. These orchards yield annually an average of about 200 cars of fruit, which is packed fresh for the eastern market. Cherries, peaches, plums, pears, quinces, and persimmons are the principal tree fruits handled. In the year ending October 31, 1927, the company shipped 157 cars for which it received \$181,864 f.o.b. its plant. During the same period the company sold to its members supplies, such as box shooks, nails and insecticides, to the value of \$52,813.

During the war years the sales amounted to about \$500,000 a year. For the years since that time the following amounts are reported:

1918-19 . . . .	\$311,589	1923-24 . . . .	\$221,434
1919-20 . . . .	420,000	1924-25 . . . .	201,497
1920-21 . . . .	264,148	1925-26 . . . .	191,169
1921-22 . . . .	190,738	1926-27 . . . .	181,164
1922-23 . . . .	228,208		

### A CALIFORNIA COOPERATIVE TO MARKET DATES

The membership of the Deglet Noor Date Growers' Association, Indio, Calif., organized in 1919, has increased until now it is furnishing 68 date growers with packing and marketing service on a cooperative basis. The volume of business handled annually has increased from less than \$50,000 to about \$140,000. Dates are the only product marketed and no supplies are purchased for members. The association is of the membership form, without capital stock.

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### COLORADO POTATO EXCHANGE URGES ECONOMIES

Due to the prospects of a heavy potato crop throughout the country, the Colorado Potato Growers' Exchange, Denver, is urging its members to hold down the cost of harvesting and handling in every possible way, and to load cars in accordance with instructions from local managers. Storing potatoes in bulk instead of in sacks, is one measure of economy recommended. Bulk storage costs less and some of the potatoes may never go to market. Furthermore, sacks are expensive and should be used this season only for potatoes which are to be shipped. New sacks filled when the potatoes are graded and loaded will make a better appearance on the market than sacks which have been in storage. The management is urging members to cooperate in its program of orderly marketing by shipping only the best potatoes, by shipping when the Exchange can find a market, and by using the most economical methods of harvesting, packing and storing.

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### PRUNE GROWERS RECEIVE FINAL PAYMENT

Final settlement for 1927 prunes by the California Prune and Apricot Growers' Association, San Jose, brought the growers the sum of \$745,167 in August. The management is gratified that it was able to make so large a final payment and that the members received as high an average price as they did for their 1927 fruit, as many difficulties were encountered in marketing the 1927 crop.

After compiling crop information and negotiating with sources of credit, the association has announced its schedule for first payments this season at prices running above those of 1927. On prunes 18/24 size, the prices are as follows: fancy, 8 cents; extra choice, 7 cents; choice, 6 cents, with a descending scale for smaller sizes.

New outlets for prunes were opened recently when the association entered into contract with the Sun-Maid Raisin Growers' Association to supply that organization with the prunes needed for its established trade in Great Britain.

STUDY OF BUTTER MARKETING IN MINNESOTA

Bulletin 244 of the University of Minnesota Agricultural Experiment Station, tells of "Marketing Country Creamery Butter by a Cooperative Sales Agency." Dr. H. Bruce Price of the Division of Agricultural Economics is the author. He tells of the rapid development of cooperative creameries in Minnesota and of the problems encountered in connection with marketing their butter, then gives most of his bulletin to the present sales agency, the Land O'Lakes Creameries, Inc., describing its development, discussing its methods of operation, and analyzing the factors involved and the results attained.

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DIRECTORS REPORT TO MEMBERS ANNUALLY

The twentieth annual report of the directors of the Readstown Creamery Company, Readstown, Wis., covers the 1927 calendar year. Butter sales amounted to \$85,819; sales of other dairy products to \$293; sales of supplies, \$12; making total sales, \$86,124. A total of 199,960 pounds of butter was made at an expense of 3.7 cents a pound. Producers received an average of 48.07 cents a pound for butterfat.

The annual report shows that there were 459 shares of stock outstanding, with a value of \$10 each.

The growth of this farmer-controlled business enterprise during the past nine years has been as follows:

Year	Cream received	Butter made	Cost of manufacture per pound	Paid producers per pound
	(Pounds)	(Pounds)	(Cents)	(Cents)
1919	412,178	144,561	3.4	62.76
1920	-----	-----	---	-----
1921	466,753	162,232	3.9	36.58
1922	467,770	161,621	3.3	38.22
1923	434,645	148,417	3.9	44.15
1924	554,152	193,416	3.2	41.26
1925	555,236	195,181	2.9	46.74
1926	645,068	224,230	3.0	44.71
1927	571,692	199,960	3.7	48.07

The variation from year to year in the cost of making butter is largely explained by the fact that the purchase price of new equipment was charged as operating expense against the year in which the purchase was made.



SOUTH DAKOTA CREAMERY GROWS RAPIDLY

Since 1920 the quantity of butterfat received annually by the Farmers' Cooperative Creamery Company, Lodgepole, S. Dak., has increased from 61,329 pounds to 164,009 pounds. In 1920 the patrons received \$32,318 for their butterfat; and in 1927, \$73,006.

Sales by the creamery during 1927 amounted to \$105,102, made up as follows: butter, \$85,877; buttermilk, \$396; eggs, \$6,894; twine, \$4,108; flour and salt, \$4,369; miscellaneous, \$3,458.

At the close of the 1927 business year the association owned land, a fully equipped creamery and a garage, also had nearly \$3,000 in the bank, with liabilities of only \$875. The company is now serving about 250 producers.

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BURNED OUT BUT CONTINUED BUSINESS

Many cooperatives are forced out of business when their property is destroyed by fire, but such was not the case with the Farmers Produce Company, St. Onge, S. Dak. This creamery association lost its plant in March of 1923. Four months later it was operating again and managed to make a fair showing for the year as a whole. Each year since 1923 its volume of business has increased, both as to the sale of dairy products for its farmer-members and the sale of supplies to them. The value of the dairy products sold has increased nearly 200 per cent since 1921, and the sale of coal, over 90 per cent. Last fall the company sold turkeys to the value of \$743 for its patrons. The growth of the enterprise is indicated by the following figures:

Year	Butter made (Pounds)	Dairy products sold	Coal sales
1921	107,844	\$ 42,251	\$3,112
1922	- - - -	- - - -	- - -
1923*	91,151	53,144	3,334
1924	123,313	53,793	4,316
1925	161,885	79,204	4,517
1926	241,020	97,384	4,567
1927	279,350	125,831	5,916

\*Not operating from March to July because of fire.

The association was formed in 1912. It now has 118 shareholders and is serving 208 producers.

BONDS ISSUED FOR NEEDED CAPITAL

The Ladysmith Cooperative Creamery Company, Ladysmith, Wis., organized in 1914, was reorganized in 1924 as the Ladysmith Milk Producers' Cooperative Association. The association is engaged in making and marketing butter.

During 1927 it received from its patrons 2,124,288 pounds of cream and 91,754 pounds of milk, from which it made 810,995 pounds of butter valued at \$363,709. Sales of cream, buttermilk and miscellaneous sales brought the total income of the association for the 1927 year up to \$365,623. Gross earnings from operation were \$36,710 and expenses of operation were \$32,140, leaving \$4,570 as operating earnings. Charges for interest on capital and similar items reduced the net earnings to \$3,335, which helped to swell the net worth of the association to \$41,960 on December 31, 1927.

The land, buildings, machinery, equipment and trucks owned by the association were valued at \$77,176 at the close of the business year. Part of the capital needed for fixed assets was obtained by issuing bonds. The outstanding bonds at the close of the year amounted to \$30,000. The association has 300 stockholders and is serving nearly 500 patrons.

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MILK MARKETING ASSOCIATION IN MILLION DOLLAR CLASS

In nine years the United Farmers' Cooperative Creamery Association, Inc., Morrisville, Vt., grew into a million dollar enterprise. The association was formed in 1919 to market cooperatively the milk and cream produced by Vermont dairymen in the vicinity of Morrisville. To-day receiving stations are being operated at Morrisville, Johnson and Wolcott in Vermont, and a plant for distributing milk to dealers is maintained in Charlestown, Mass. The association is now serving about 600 dairymen.

Gross sales for 1927 amounted to \$1,317,715, consisting of the following: milk, \$581,663; cream, \$567,487; condensed milk, \$67,622; ice cream mix, \$55,106; butter, \$35,004; skim milk, \$9,073; evaporated milk, \$1,760. Net earnings for the year amounted to \$20,687, part of which amount was divided among the patrons in the form of share capital.

The net worth of the association on December 31, last, was \$101,942, not including reserves. Among the assets were land, buildings, machinery, equipment, auto trucks, furniture and fixtures to the value of \$211,333.

The growth of the association for the last seven years is indicated by the following figures representing gross sales:

1921	\$365,000	1925	\$ 935,925
1922	361,714	1926	900,000
1923	671,318	1927	1,317,715
1924	646,683		

ONTARIO WHEAT POOL SETTLES FOR FIRST SEASON

In its first year of operation, just closed, the Ontario Grain Pool, Toronto, handled over 1,750,000 bushels of grain for more than 7,000 producers. Checks for final settlement were distributed on July 23, on the basis of gross prices of \$1.32½ for the higher grades of red winter wheat and \$1.30½ for white and mixed, with differentials for the lower grades. From these gross prices must be deducted the overhead charges for the Ontario association and local handling charges.

Sales were handled through the Canadian Cooperative Wheat Producers, Ltd., Winnipeg, and the same organization is to sell the grain delivered to the 1928-29 pool. The Ontario association is planning to increase its territory by several more counties.

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CANADIAN COARSE GRAINS POOLS MAKE FINAL PAYMENT

Members of the coarse grains pools of Saskatchewan and Manitoba have recently received final payment for 16,320,279 bushels of various kinds of grain delivered to the 1927-28 pools. The distribution totaled more than \$1,500,000 and brought prices to the following figures: oats, 62½ cents; barley, 84 cents; flax, \$1.86½; rye, \$1.09.

The deliveries by members in the two provinces were as follows:

Grain	Manitoba producers (Bushels)	Saskatchewan producers (Bushels)	Total (Bushels)
Oats	637,590	4,445,693	5,083,283
Barley	4,714,026	1,876,310	6,590,336
Rye	578,301	2,372,408	2,950,709
Flax	251,370	1,444,581	1,695,951
Total	6,181,287	10,138,992	16,320,279

Returns to Manitoba growers amounted to \$661,338, and to Saskatchewan growers, \$924,512.

A statement accompanying the final payment showed the following deductions: operating costs per bushel, .53 cent; carrying charges, .87 cent; elevator deduction, 1 cent for oats, 1½ cents for barley, 3 cents for flax, 1½ cents for rye; commercial reserve, 1 per cent of gross payment. The deductions for elevator and commercial reserves are not considered as costs but as investments of the members in their organizations, on which they receive interest.



ASSOCIATION OPERATES THREE GRAIN ELEVATORS

The Selby Equity Union Exchange, Selby, S. Dak., operates three grain elevators, two at Selby and one at Sitka, handles all kinds of grain, sells coal, flour, feed, and other merchandise, and also has a livestock shipping department. Sales for the year ending June 30, 1928, totaled \$665,008 and net earnings, \$24,949. The company has capital debits to the amount of \$28,055 and surplus and reserves to the amount of \$24,252, which with the net earnings of the past year make a total net worth of \$77,256.

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A FARMERS' ELEVATOR IN IOWA

Farmers and others at Barnum, Iowa, formed the Barnum Elevator Company in 1905. The company handles oats and corn, ships hogs to market, and purchases mill feeds, twine, coal, and salt for farmers. At the present time it serves about 150 farmers. During the last 12 years it has handled an average of about 112,000 bushels of oats, 91,000 bushels of shelled corn, and 9,000 bushels of ear corn. Only occasionally has there been wheat to handle. Approximately 2,300 hogs have been shipped annually. Sales of twine have increased in the 12 years from 10,000 to 20,000 pounds, and sales of coal have varied from 590 to 726 tons a year.

The growth of this farmers' enterprise is indicated below:

Year ending April 20	Capital stock	Surplus*	Net earnings
1914-15	\$ 5,925	\$ 3,332	\$2,178
1915-16	6,000	4,521	1,919
1916-17	6,000	8,284	4,503
1917-18	6,000	11,705	3,434
1918-19	5,875	11,105	1,200
1919-20	11,750	10,937	6,607
1920-21	11,750	6,910	1,742 loss
1921-22	11,750	7,863	1,328
1922-23	11,750	10,372	3,249
1923-24	11,550	10,628	1,565
1924-25	11,550	9,224	304
1925-26	11,300	9,932	1,564
1926-27	10,775	9,784	412
1927-28	10,215	10,224	1,092

\*Including undivided profits.

### A NORTH DAKOTA EQUITY EXCHANGE REPORTS

For the fiscal year ending May 31, 1928, the McIntosh Equity Exchange, McIntosh, S. D., reports sales aggregating \$225,230 and net earnings of \$13,957. The organization handles all kinds of grain and also buys flour, feed, coal, twine, salt, and similar supplies. It has paid-in capital stock to the amount of \$16,100 and a surplus of \$12,742. Net earnings for the past year amounted to 91 per cent of the paid-in capital, and the book value of the capital stock is now \$210 on every \$100 share.

In addition to paying 5 per cent interest on capital stock the Exchange paid a 6 per cent patronage dividend to members amounting to \$8,387. Each of the last six years the association has been able to report net earnings.

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### NEBRASKA EQUITY HANDLES GRAIN AND SUPPLIES

At the close of its fiscal year, June 18, 1928, the Haigler Cooperative Equity Exchange, Haigler, Nebr., reported total sales to the amount of \$123,451, and net earnings of \$3,919. The company operates an elevator and handles all kinds of grain, also farm machinery, coal, lumber, and merchandise. From the earnings the company paid 5 per cent interest on capital stock and a patronage dividend.

In addition to the elevator and equipment valued at \$10,969, the company owns an office building and dwelling valued at \$3,131; lumber sheds worth \$2,369; furniture and fixtures, \$1,783; and \$2,000 worth of stock in the Orleans creamery. On January 1, 1928, it had 104 members. This association was organized in 1914.

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### TWO HUNDRED FARMERS SERVED BY COLORADO ASSOCIATION

Approximately 50 per cent of the business of the Eckley Farmers' Mercantile Company, Eckley, Colo., consists of the handling of grain—wheat, corn, rye, and oats. From 30 to 40 per cent of the total annual income is derived from the shipment of livestock. Among the other products handled are coal, which makes up nearly 5 per cent of the total business, farm implements, gasoline, salt and merchandise.

This association was organized in 1915. At the close of its last business year, May 31, 1928, it had outstanding capital stock to the amount of \$33,099 and a surplus of \$6,411. Net earnings for the 1926-27 year amounted to \$1,868. During the 1927-28 year there was a loss of \$1,144. Total sales for the 1926-27 year were \$210,971 and for the 1927-28 year, \$127,943. The deficit and loss in volume is traceable to a short wheat crop in 1927. About 200 farmers are served by the organization.

ACTIVITIES OF LARGE-SCALE COTTON ASSOCIATIONS

Revised figures for 15 of the large-scale cotton marketing associations indicate that the 835,528 bales of 1927 cotton received had a sales value of more than \$90,000,000.

The association with the largest volume of business received 193,762 bales with a sales value of more than \$20,000,000. The least active association handled 699 bales valued at \$72,132. Ten of the 15 associations handled less than 50,000 bales each; two associations, between 50,000 and 100,000 bales each; and three associations, more than 100,000 bales each. The three largest associations received 492,914 bales, which quantity was nearly 60 per cent of the total cotton handled by the 15 associations.

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ALABAMA COTTON ASSOCIATION TELLS OF YEAR'S WORK

The Alabama Farm Bureau Cotton Association, Montgomery, has now completed its first year under the new seven-year contract. The report of the general manager shows that of the 11,335 contract signers 6,700 delivered 80,238 bales of 1927 cotton to the association. Of this quantity, 30,161 bales went into the regular annual pool and 50,077 bales into the special pool. All of the 30,161 bales in the annual pool has now been sold and members have received advances of 17 cents per pound basis middling. Of the special pool cotton about 10,000 bales are still unsold.

During the year 21,100 bales of 1926 cotton held over in the long pool, was sold to good advantage and settlement made in full.

Efforts to sell direct to mills have been gratifying, and 95 per cent of the product has either been sold direct to mills or through the representative of the association for export to foreign countries.

As the new seven-year agreement permits members to withdraw during January and February, the management has been interested in studying the results. A check showed that 520 members, representing 4,792 bales of cotton, exercised the privilege of withdrawing. Of this number, 90 had pooled no cotton; 231 had pooled from one to five bales each; 100 had delivered from 6 to 10 bales each; 53, from 11 to 25 bales; 18, from 26 to 50 bales; and 18, from 50 bales up.

During the past year the association has assisted in organizing three cooperative gins in different parts of its territory, and is anxious to aid in promoting such enterprises in other sections where such facilities are needed.



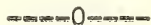
### NEBRASKA EXCHANGE MANAGES SEVERAL ENTERPRISES

Earnings of the McCook Equity Exchange, McCook, Nebr., for the year ending May 31, 1928, amounted to nearly \$28,000 on its two elevators, lumber yard and implement business; and an additional \$13,631 on its oil station.

Sales of corn, wheat, barley, oats, coal, lumber, farm implements, radios, etc., amounted to \$527,206; operating costs were \$24,821; and net earnings, \$27,959.

Total sales of the oil station came to \$91,472, and net earnings to \$13,631. This was the second year of operation of the oil station. Last year it reported sales of \$63,423 and net earnings of \$10,445. For the same year the business of the elevators and lumber yard amounted to \$214,400 with net earnings of \$21,641.

The association operates an elevator at Perry, Nebr., and an elevator, lumber yard and oil station at McCook. Outstanding share capital on May 31, 1928, amounted to \$62,900. Surplus and undivided earnings were \$67,683.



### FARMERS' UNION PLANS TO ORGANIZE OIL STATIONS

After a careful survey of the situation, the Farmers' Union Exchange, St. Paul, Minn., announces that it is ready to organize a chain of bulk oil stations throughout the Northwest. Plans provide that the Farmers' Union Exchange shall act as the central purchasing agency for all the local bulk stations, thus concentrating the purchasing power and making it possible to buy in large quantities the necessary gasoline, oils, equipment and supplies. The stations are to be organized on a uniform basis, and no station will be put into operation until it has sufficient capital subscribed to pay for equipment and provide a revolving fund for buying gasoline and other supplies. Another provision is that the local station shall become a shareholder of the Farmers' Union Exchange to the extent of 5 per cent of its capital stock. Each local station shall be entitled to one member on the board of directors of the central organization. Each station shall also have its own board of directors, manage its own affairs, but distribute its earnings only after deducting 5 per cent of net earnings for educational purposes, and providing for depreciation and reserves. This 5 per cent shall be paid into the treasury of the Farmers' Union of the county in which the local station is operating. Uniform by-laws have been prepared and uniform accounting systems will be established and maintained.

Both common and preferred stock will be issued. These will bear equal dividends but common stock will be sold only to members of the Farmers' Union, and voting privileges will be limited to holders of this class of stock.



FARM BUREAU BUYS SUPPLIES FOR MEMBERS

Many lines of goods are purchased for members by the Louisiana Farm Bureau Federation, Baton Rouge. Among the supplies handled during the year ending June 30, 1928, the following are noted, with the values of the quantities handled: alfalfa seed, \$4,228; certified potato seed, \$16,544; cotton seed, \$27,878; feed, \$880; insecticides, \$66; miscellaneous seeds, \$1,458; cans, \$1,454; nursery stock, \$808; potato bags, \$1,902; potato graders, \$203.

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SUPPLY COMPANY MAKES REFUND ON FERTILIZERS

Members of the Georgia Cotton Growers' Cooperative Association, Atlanta, recently received a 3 per cent patronage dividend amounting to more than \$25,000 on their 1928 fertilizer purchases. These growers bought more than 35,000 tons of fertilizer last spring through their subsidiary, the Growers' Supply Company, at a cost of \$938,000. The fertilizer was sold this year at dealers' prices.

The Growers' Supply Company has operated only three seasons. The first year it handled 16,000 tons, and the second year 17,000 tons in an abnormal and discouraging season. Both of these years the fertilizer was sold at consumers' prices which are said to have been 5 per cent above dealers' prices.

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G. L. F. SELLS APPROVED FORMULA FERTILIZERS

Since last fall the Cooperative Grange League Federation Exchange, Inc., Ithaca, N. Y., has been offering a distinctive fertilizer service to its patrons. This service consists in supplying fertilizers for all crops mixed on formulas approved by the college fertilizer conference board, a group of soil specialists consisting of one professor from New York, one from Pennsylvania, and one from New Jersey. Growers have shown their appreciation of this service by buying in large quantities. Approved formula dairy feeds have become well known to the dairymen of the territory served by the Exchange. Both feed and fertilizers are now sold on the basis of prices quoted monthly by the G. L. F. without reference to the schedule prices of other companies.

Sales of feed, fertilizer and seed for the past three years are reported as follows; feed, 1925-26, 115,000 tons; 1926-27, 175,000 tons; 1927-28, 320,000 tons; fertilizer, about 25,000 tons for each year; seed, about 7,000,000 pounds per year.

GOOD BUSINESS REPORTED BY MUTUAL INSURANCE COMPANY

In the first six months of 1928 the Farmers' Union Mutual Insurance Company, Des Moines, Iowa, increased the amount of its property insurance in force by the sum of \$7,900,499, bringing the total on July 1, to \$28,287,677. This volume of new business represented a gain of \$58,731 in assets and \$11,126 in surplus.

This Iowa company operates also in North Dakota and Illinois. In August it took over the entire business of the Mountrail County Farmers' Mutual Insurance Company, Stanley, N. D., with a large amount of insurance in force. The consolidation was brought about by the farmers of the territory who decided that it would be to their advantage to be connected with a larger cooperative enterprise.

During one week in the early summer, following cyclonic storms in Iowa and North Dakota, the association adjusted 66 claims for wind damage and other losses.

The Farmers' Union Mutual Life Insurance Company, Des Moines, is also making rapid strides, and the newest member of the group, the Farmers' Union Mutual Automobile Insurance Company, has begun operations.

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GROUP LIFE INSURANCE OFFERED TO COTTON GROWERS

Group life insurance is now available to members of the Georgia Cotton Growers' Cooperative Association, Atlanta, at a low cost. The association has arranged for this insurance with a large and strong life insurance company. Every member of the association is entitled to apply for a \$1,000 life policy for himself and \$1,000 for his wife at the group rate. For the present the amount of the policies is limited to \$1,000 but may be increased at some future time. In case 75 per cent of the members of the association apply for policies under this plan, no medical examinations will be required of any member in good health.

The policies run for one year and the premium rate will be based upon the average age of all the applicants. The rate will be uniform and is expected to be considerably less than the usual rate. As the plan is experimental some changes may be necessary after a trial.

The Georgia Cotton Growers' Cooperative Association will act as agent for the insuring company and will receive the premiums and otherwise look after the interests of its members.

Three years ago the association arranged for similar group insurance for its office force and employees, and the results have been so satisfactory that it has now made arrangements whereby every member of the association can secure a policy at a minimum cost.

LIQUIDATED DAMAGES GRANTED

In the case of the California Bean Growers' Association v. Sanders, decided by the district court of appeals of California, 261 P. 717, the association brought suit for the recovery of liquidated damages of one cent per pound. The trial court decided the case in favor of the defendant and made a number of findings of fact against the association. On appeal the decision of the trial court was reversed and the appellate court changed all the findings of the trial court on the principal questions involved and directed that the defendant pay liquidated damages in the sum of \$230, together with \$100 attorneys' fees and the court costs. The court called attention to Section 1671 of the Civil Code of California which reads as follows:

The parties to a contract may agree therein upon an amount which shall be presumed to be the amount of the damage sustained by a breach thereof, when, from the nature of the case, it would be impracticable or extremely difficult to fix the actual damage.

It will be observed that the foregoing code provision is applicable to all contracts whether cooperative or otherwise.

L. S. Hulbert

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DECISION OF ORGANIZATION COMMITTEE UPHELD

In the case of the Kansas Wheat Growers' Association v. Bridges, decided by the Supreme Court of Kansas, 261 P. 570, the association sought to recover liquidated damages in the amount of 25 cents per bushel on account of wheat marketed by the defendant outside the association. The defendant demurred to the petition of the association based on its contract with the defendant, thus claiming that the petition did not set forth a cause of action against him.

The contract contained a provision that it was to become effective when contracts covering five million bushels of wheat of the 1921 crop had been entered into. It also contained a provision stating that with respect to acreage and the number of contracts signed the written statement of the organization committee, signed by its chairman, "should be absolutely conclusive with or without notice to the subscriber." The de-



fendant contended that this provision in the contract was void in that it attempted to deprive the courts of jurisdiction in matters of dispute between the parties to the contract. The court referred to earlier cases upholding the right of parties to include provisions in their contracts analogous to those under discussion and said:

Here, the contract concerned matters that must arise in the future and about which there might be a controversy. It was necessary for some person to determine whether or not the contract had the required number of signatures before the organization could function. It was reasonable that the decision of this question be submitted by the signers of the contract to some person to be determined for them. That was what was done. The contract is not void. The determination of the committee named can be impeached for fraud or other sufficient reasons.

This is in keeping with the general rule which permits parties to a contract to include a provision specifying that they will be bound by the determination of one of them or of a third person with respect to a matter that might be the subject of controversy between them, such as the grade of products sold by one to the other. *Williams v. Railway*, 153 Mo. 487, 54 S. W. 689; *Bouer-Venus Grain Co. v. Norman Milling and Grain Co. (Okla.)* 207 P. 297; *New England Trust Co. v. Abbott*, 162 Mass. 148, 38 N. E. 432, 27 L. R. A. 271; *Berger Manufacturing Co. v. Huggins*, 242 F. 853.

The cases hold that the finding or determination made can only be impeached for fraud, dishonesty or palpable mistake, and that it is not sufficient to show that an error was made. The courts have made decisions similar to the one under discussion in other cooperative cases. *Pittman v. Tobacco Growers' Cooperative Association (N. C.)* 121 S. E. 634; *Poultry Producers of Central California v. Nilsson (Calif.)* 239 P. 1086.

L. S. Hulbert



SUGGESTED READING FOR COOPERATORS, No. 3

As the story of the early organizations of farmers is so closely interwoven with the history of the Grange, a knowledge of that order will be helpful. Probably no one book gives a clearer picture of the agricultural organizations of 1870-80 than "The Granger Movement: A Study of Agricultural Organization and Its Political, Economic and Social Manifestations," by Solon J. Buck, a graduate student in Harvard University. The book was published by Harvard University Press in 1913.

"The granger movement" was a term used by several writers to include a number of organizations through which the farmers expressed their discontent with conditions existing after the Civil War. Of these organizations the Grange, or Patrons of Husbandry, was the leading and typical one. The volume is a study of causes and effects rather than a history of those critical years. However, the history is not lacking, neither is it dull. Roused to a new sense of their dignity and power, farmers were ready to undertake all sorts of enterprises and although many of their business ventures failed, the movement could never be called a failure. Its influence was of incalculable value.

A large part of the book is devoted to the story of the struggle between the farmers and the railroads, resulting in the first laws to control the powers of railroads.

The period covered is only the years 1870-80, which another writer calls "the sensational and undisciplined decade of the movement . . . when it had not yet found itself."

For the story of the beginnings of the Grange the reader is referred to "Origin and Purposes of the Patrons of Husbandry in the United States: A History from 1866 to 1873." (J. A. Wagenseller, Philadelphia, 1875). The author was Oliver H. Kelley, the man who conceived the idea of a fraternal agricultural organization to aid in developing better feeling between the North and the South. Mr. Kelley's detailed story of the trials and triumphs of those first years reveals his indomitable spirit, also the firm faith of himself and his associates in the project, which faith was justified when the new order electrified the country.

Nearly 50 years later another history was prepared, the "Semi-Centennial History of the Patrons of Husbandry," by Thomas C. Atkeson, then Master of the West Virginia State Grange, Overseer of the National Grange from 1904 to 1913, and later in charge of the legislative office of the National Grange in Washington, D. C. From his vantage point he was able to appraise the work and worth of the organization. A summary of the achievements of half a century is a record of which the order may well be proud. Due credit is given to many individuals who were prominent in establishing and maintaining the Grange. The book was published by Orange Judd Company, New York, in 1916.

REPORTED BY THE ASSOCIATIONS

Refunds to the amount of \$53,268 were made recently by the Indiana Farm Bureau Purchasing Department, Inc., Indianapolis, on fertilizer purchases made in the spring of 1928. A total of 16,000 tons of fertilizer was purchased by Indiana farmers through their own organization.

Eighty-five cents per bushel is the amount fixed by the Canadian Wheat Producers, Ltd., Winnipeg, as the initial payment for wheat delivered to the 1928 pool. This payment is on the basis of No. 1 Northern wheat at Fort William. For the past four years the first advance has been \$1 per bushel but the low prices prevailing at the present time make it impracticable for the sales agency to make so large an advance and maintain its strong financial position.

Thirty-eight Tennessee cooperators recently joined forces and erected their own lime shed and warehouse at Pikeville. These men were members of the Bledsoe County Farm Bureau and, although they lacked experience in this line of work, they completed the building in one day. The shed will hold about three cars of lime and the warehouse will be used to store feeds, seeds and fertilizer. Each member who helped construct the building is to receive a ton of ground limestone for his work.

Because of the seasonal nature of egg production in Saskatchewan the Saskatchewan Cooperative Poultry Producers, Ltd., Regina, has closed its branch stations at five points for the winter months but the stations at Regina and Saskatoon will remain open throughout the year. Fall and winter eggs will be handled in one pool. Members may send their eggs to these points for marketing and receive an f.o.b. payment at current market prices. Careful records will be kept and such surplus of returns as may accumulate will be distributed among producers who contributed to the pool.

The Millington Farm Bureau, Millington, Mich., is now operating a grocery department with a full line of supplies. It began in a small way several years ago to handle cream, eggs and a few supplies. Now it occupies a two-story building with a wide frontage on a business street. The cream and egg station is still maintained; seeds, feeds, fertilizer, and binder twine, are handled; and recently groceries and staple dry goods have been added. Three hundred patrons are served.

Thirty-four cooperative cotton gins are to be operated this season, according to a recent statement by the manager of the Texas Cotton Growers' Gin Holding Company. These are in various parts of the state. Some are already at work, others are ready to begin as soon as the season opens in their sections, and others are undergoing repairs in order that they may be in good working order when needed. A number of applications for gins in other sections are now being considered.

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- Cooperation Makes Stable Price: Milk Marketing Organizations Have Definite Responsibilities. New England Homestead, Springfield, Mass., June 30, 1928, p. 1.
- Downie, Ernest R. A Visit Among California's Leading Cooperatives. Wheat Growers' Journal, Wichita, Kans., September 1, 1928, p. 5.
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